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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

INSPECTION REPORT

Michael O. Leavitt
Governor

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Partial: XXX Complete: Exploration:

Inspection Date & Time: 4/9/99 / 7:00a.m.-10:30a.m.

Date of Last Inspection: 3/31/99

Mine Name: Centennial Project County: Carbon Permit Number: ACT/007/019

Permittee and/or Operator's Name: Andalex Resources, Inc.

Business Address: P.O. Box 902, Price, Utah 84501

Type of Mining Activity: Underground XXX Surface Prep. Plant Other

Company Official(s): Mike Glasson

State Officials(s): Stephen J. Demczak Citizen Complaining: Mike Leschin

Weather Conditions: Clear, 40's

Existing Acreage: Permitted- 5063 Disturbed- 34 Regraded- 0 Seeded- 0 Bonded- 34

Increased/Decreased: Permitted- Disturbed- Regraded- Seeded- Bonded-

Status: Exploration/ XXX Active/ Inactive/ Temporary Cessation/ Bond Forfeiture

Reclamation (Phase I/ Phase II/ Final Bond Release/ Liability Year)

REVIEW OF PERMIT, PERFORMANCE STANDARDS & PERMIT CONDITION REQUIREMENTS

Instructions

- Substantiate the elements on this inspection by checking the appropriate performance standard.
 - For complete inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check N/A.
 - For partial inspections check only the elements evaluated.
- Document any noncompliance situation by referencing the NOV issued at the appropriate performance standard listed below.
- Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
- Provide a brief status report for all pending enforcement actions, permit conditions, Division Orders, and amendments.

	EVALUATED	N/A	COMMENTS	NOV/ENF
1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. SIGNS AND MARKERS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. TOPSOIL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. HYDROLOGIC BALANCE:				
a. DIVERSIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b. SEDIMENT PONDS AND IMPOUNDMENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c. OTHER SEDIMENT CONTROL MEASURES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d. WATER MONITORING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e. EFFLUENT LIMITATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. EXPLOSIVES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. DISPOSAL OF EXCESS SPOIL/FILLS/BENCHES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. NONCOAL WASTE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. PROTECTION OF FISH, WILDLIFE AND RELATED ENVIRONMENTAL VALUES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. SLIDES AND OTHER DAMAGE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. CONTEMPORANEOUS RECLAMATION	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. BACKFILLING AND GRADING	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. REVEGETATION	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. SUBSIDENCE CONTROL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. CESSATION OF OPERATIONS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. ROADS:				
a. CONSTRUCTION/MAINTENANCE/SURFACING	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. DRAINAGE CONTROLS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. OTHER TRANSPORTATION FACILITIES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
18. SUPPORT FACILITIES/UTILITY INSTALLATIONS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS CHECK (4th Quarter-April, May, June) <u> </u> (date)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. AIR QUALITY PERMIT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. BONDING & INSURANCE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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2. SIGNS AND MARKERS -

Identification signs meet the requirements of the R645 Coal Rules. The perimeter markers were spot-checked and are located around the perimeter of the disturbed areas. Topsoil ID signs are located on the topsoil piles as required in the R645 Coal Rules. There are stream buffer zone signs posted throughout the mine property.

3. TOPSOIL -

The topsoil piles were inspected with no signs of wind or water erosion. These piles are protected by berms and/or vegetation.

4A. DIVERSIONS -

The diversions were spot-checked and were found to comply with the requirements of the Mining and Reclamation Plan and the R645 Coal Rules performance standards. Sediment has recently been cleaned out of several diversions.

All inlets to the undisturbed diversion was checked for coal and other non-coal waste materials. The inlets were clear of all coal fines, oils, grease and non-coal waste.

4B. SEDIMENT PONDS -

The sediment pond was not discharging during the inspection, but could potentially discharge in the near future either from the mine or pond itself. The ponds did contain water. There were no signs of any hazardous conditions occurring to the sediment ponds during the inspection. There were no sediment ponds that were discharging during the inspection. No sediment pond has discharge since the conception of the mine.

4C. OTHER SEDIMENT CONTROL MEASURES -

Centennial Project uses straw bales and berms as its alternate sediment control measures. These areas were spot-inspected and complied with the R645 Coal Rules. Work on the silt fences was being performed during the inspection. Silt fences have recently been cleaned out.

4D. WATER MONITORING -

Water monitoring for the fourth quarter of December 29, 1999 was reviewed and was found to be complete. The permittee had taken a water sample at Well #1. All other sample points were dry.

During the inspection/citizen complaint, it was noticed that a spring was discharging. The water looked good visually.

4E. EFFLUENT LIMITATIONS -

No sediment pond has ever discharged, but the mine has discharged directly into the creek. It was not during this inspection.

9. PROTECTION OF FISH, AND WILDLIFE AND ENVIRONMENTAL VALUES -

The Division of Oil, Gas and Mining had received a citizen complaint via phone on April 7, 1999 by Mike Leschin. He stated that the creek below the Andalex mine site was black in color and it was not this way

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before. Pete Hess went to investigate early afternoon of April 7, 1999 with the permittee Mike Glasson and the results was--no blackened creek or material was found. He noticed where the water had wet the mancos shale; it turned the shale dark gray. A written and verbal report by Mr. Hess was made to his supervisor Joe Helfrich.

I received a phone call the afternoon of April 7 by Mr. Leschin and conveyed the information of Mr. Hess' inspection. Stating that the blackened creek or material could not be found. Mr. Leschin gave me location of the blackened areas of the creek. I asked and he accepted to go on an inspection on Friday the 9th of April at 8:00 A.M.. This was the time convenient for Mr. Leschin.

April 9, 1999 inspection revealed the following information, it must be noted that this inspection was with Mike Glasson (environmental engineer for Andalex), Mr. Leschin (citizen), and Fred Sanchez (Safety Director for Andalex). The inspection was not attended by all of the above for the entire inspection.

- a) All inlets to the undisturbed culvert were inspected with no signs of environmental impact from mining. The inlets were clean and clear.
- b) The outlet of the undisturbed culvert was inspected and was also clean and clear.
- c) The creek immediately below the mine was dry and there was no sign of black material noticed.
- d) The AML Dead Man's Project was inspected and it was noticed that 1-2 miles from Carbon County Road to the AML project coal fines were everywhere. The coal fines were located in the drainages, on the road, hillsides slopes, etc. This area is below the mine and the drainage goes directly into the creek where the citizen complaint was made. See map sketch attachment.
- e) Mr. Leschin drove Mike Glasson and I to a spot approximately 3-5 miles down stream from the mine site. The area was dark gray and not normal color to the surroundings. The dark material was all wet, fine grained, and gray in color, but not black. Scraping the surface material revealed fine grain black material resembling clay in texture. This black material gave off a smell of standing pond water.
- f) Mike Leschin had to leave for work and Mr. Glasson and I went to get grab sample bags at the mine. Drove back to the creek and partially filled two bags of material to get analysis.
- g) Driving back to the office Mike Glasson and I noticed that the material used on road for melting of snow and traction in winter looked close to the top gray material at the creek. A sample of the road material was also taken for comparison.
- h) Samples were taken to Horizon Labs.
- I) All of the above information was conveyed to Joe Helfrich, verbally, and an e-mail was sent on Friday, April 9, 1999.

Summary:

The material under the dark gray clay-like material is most likely coal fines, which have been washed down from the Dead Man area. No coal fines of significance were noticed directly below the mine. The conclusion is that it would be highly unlikely that this material is coming from Andalex Resources. The gray material could be shale or road material from Carbon County. The lab tests should give more insight to the questions.

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13. REVEGETATION -

Paul Baker, Vegetation Specialist-DOGM, had inspected the topsoil pile at the Fall Breakout and reported that vegetation and seedlings are doing well. Seedlings were planted in the fall of 1997.

14. SUBSIDENCE -

The 1998 subsidence report was reviewed and is P.E. certified. The subsidence survey stated that there was no horizontal or vertical movement. The report was written on December 10, 1998.

18. SUPPORT FACILITIES -

During the field inspection, no new structures were added for fourth quarter.

19. AVS -

There have been no changes of officers and shareholders since June 15, 1995. The officers and shareholders list was reviewed currently on page 10 in the Mining and Reclamation Plan.

20. AIR QUALITY -

The air quality permit is being complied with. The Air Quality permit DAQE-997-96 was changed to mine 3 million tons of coal. Air Quality made an inspection in March of 1998.

21. BONDING AND INSURANCE -

The bonding is set at \$1,080,839. The policy is a surety bond from Utical Mutual Insurance SU34593. The permittee has 37 acres of disturbed area.

The insurance acord form was inspected and meets the requirements of the R645 Coal Rules. Explosives are included in the acord form. This policy will expire on July 1, 2000. The insurance company is Federal Insurance Co.

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas, and Mining.

Copy of this Report:

Mailed to: Mike Glasson (Andalex) Henry Austin (OSM)
Given to: Joe Helfrich (DOGM) Filed to: Price Field Office
Date: April 12, 1999

Inspector's Signature:  #39
Stephen J. Demczak

